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COMMONWEALTH OF VIRGINIA

## STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 16, 2002

COMMONWEALTH OF VIRGINIA

CASE NOS. PUE-1989-00048

At the relation of the

PUE-1990-00037

PUE-1991-00032

STATE CORPORATION COMMISSION

PUE-1992-00036

PUE-1993-00041

PUE-1994-00033

Ex Parte: In the matter concerning  
certain fuel factor cases of Delmarva Power &  
Light Company

PUE-1995-00032

PUE-1996-00065

PUE-1997-00447

PUE-1998-00324

PUE-1999-00344

### ORDER CLOSING FUEL FACTOR CASES

The purpose of this Order is to close certain fuel factor cases related to Delmarva Power & Light Company ("Delmarva" or "Company") that remain open on the Commission's docket. We are advised by the Commission Staff ("Staff") that all necessary audits and reviews concerning these cases have been completed, and that these cases can now be closed.

A backdrop for this action is our prior Order of June 29, 2000, in Case Nos. PUE-2000-00086 and PUA-2000-00032 ("June 29, 2000, Order"), and a March 1, 2001, Order resetting the Company's fuel factor effective January 1, 2001, in Case No. PUE-2000-00744.

The June 29, 2000, Order was entered in connection with Delmarva's February 4, 2000, application under § 56-590 B of the Virginia Electric Utility Restructuring Act ("the Act")<sup>1</sup> to functionally separate its generation activities from its transmission and distribution activities through, *inter alia*, a three-phase divestiture of all of its generation units.<sup>2</sup> The Company also

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<sup>1</sup> Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia.

<sup>2</sup> A further Commission Order concerning the Company's functional separation required under the Restructuring Act was entered on December 21, 2001, also in Case No. PUE-2000-00086. That order addressed, in the main, the Company's proposed plan for unbundling its rates into their separate components, as required under the Restructuring Act.

requested approvals under Chapters 4 (§ 56-76 et seq.) and 5 (§ 56-88 et seq.) of Title 56 of the Code of Virginia to (i) transfer certain generating facilities and related assets to certain affiliates, and for approval of certain transactions with these affiliates, and (ii) sell its interests in other certain generation plants and facilities to third parties. Additional determinations were sought by the Company from this Commission with respect to the application of the federal Public Utility Holding Company Act to certain proposed transfers of generation assets to exempt wholesale generators.

Pertinent to the Company's fuel cases, the June 29, 2000, Order also (i) required that Delmarva's fuel factor be reset not later than January 1, 2001, at a specified level, to remain frozen at that level without any further deferral of fuel costs until January 1, 2004, (ii) further required that Delmarva's fuel factor be modified on and after January 1, 2004, in accordance with a fuel index procedure, and (iii) authorized Delmarva to recover a negotiated deferred fuel balance of \$892,921 over 24 months, all as had been proposed in a Memorandum of Agreement ("MOA") between the Company and Staff.<sup>3</sup> We required, however, that the Company make a subsequent application, pursuant to § 56-249.6 of the Code of Virginia, with respect to resetting the Company's fuel factor.

Accordingly, Delmarva filed the required application, thereafter docketed and assigned Case No. PUE-2000-00744 in the Commission's December 22, 2000, Order Establishing Fuel Factor Proceeding. Subsequently, on March 1, 2001, this Commission entered an Order approving the continuation of the interim fuel factor previously established in the Commission's December 22, 2000, Order, and made effective January 1, 2001. Consequently, effective January 1, 2001, and for the duration of the Company's capped rates under § 56-582 of the

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<sup>3</sup> Pertinent to our order today, the MOA states on page 9, "...Staff shall audit Delmarva's books and records to the extent Staff deems appropriate to verify actual fuel costs for calendar year 1999." Consequently, while this order closes Delmarva's 1998 and 1999 fuel cases (Case Nos. PUE-1998-00324 and PUE-1999-00344, both operative in calendar year 1999—the former until July 1, 1999; the latter, thereafter) for audit and review purposes, the Staff remains authorized to verify calendar year 1999 fuel expenses in connection with implementing the MOA's fuel indexing procedure.

Virginia Electric Utility Restructuring Act, the Company has ceased deferred accounting of its fuel expense recovery.

The status of the Company's fuel factor, thus detailed, prompts our review of the Company's fuel factor cases currently pending on the Commission's docket, to determine whether they can be concluded and closed. These 11 cases (PUE-1989-00048, PUE-1990-00037, PUE-1991-00032, PUE-1992-00036, PUE-1993-00041, PUE-1994-00033, PUE-1995-00032, PUE-1996-00065, PUE-1997-00447, PUE-1998-00324, and PUE-1999-00344) are subject to final review and audits of their fuel cost information. Having been advised by the Staff that all necessary audits and reviews concerning these cases have been completed, we will order them closed on our own motion. We are further advised by the Staff that the Company has no objection to the entry of a Commission order closing these cases.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Pending fuel factor cases PUE-1989-00048, PUE-1990-00037, PUE-1991-00032, PUE-1992-00036, PUE-1993-00041, PUE-1994-00033, PUE-1995-00032, PUE-1996-00065, PUE-1997-00447, PUE-1998-00324, and PUE-1999-00344 are hereby closed.

(2) Closing the above-referenced cases shall not be deemed to alter or eliminate the Staff's authority to verify calendar year 1999 fuel expenses pursuant to the MOA in Case No. PUE-2000-00744.

(3) There being nothing further to come before the Commission, these matters are dismissed from the docket, and the record developed herein shall be placed in the file for ended cases.